Repayment of loans taken from Bank of Rajasthan

†2902. DR. PRABHA THAKUR: Will the Minister of FINANCE be pleased to state:

(a) whether repayment of loans worth crores of rupees taken during 1993 to 1998 from Bank of Rajasthan Ltd. are still outstanding;

(b) if so, the details of the amount of such loans and the action taken so far by Government to recover the same alongwith the amount recovered so far; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The existing reporting system of Reserve Bank of India (RBI) does not generate the information asked for. However, as on 31st March, 2006, the gross non-performing assets of the Bank of Rajasthan Ltd. stood at Rs. 136 crore which constituted 3.26% of its gross advances.

(b) and (c) Bank of Rajasthan Ltd. is a private sector bank and Government does not involve itself in such matters of the private banks.

Increase in direct tax collection

2903. SHRI TARIQ ANWAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that direct tax collection is increased by around 50 per cent as compared to last year;

(b) if so, the details thereof; and

(c) whether Government have any plans to give relaxation in indirect tax or direct tax?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Direct Tax collection has increased during April-November, 2006 by 40.12% over the collections made during the corresponding period of last year.

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†Original notice of the question was received in Hindi.

Direct tax collections during April—November, 2006 amounted to Rs 1,00,135 crores as compared to Rs. 71,464 crores collected during April—November, 2005.

(c) Any relaxation in indirect and direct taxes is examined during budget exercise and the decision of the Government gets reflected in the Finance Bill.

Operation of MNCs through subsidiaries

2904. SHRI UDAY PRATAP SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some Multinational Companies are operating in India through their 100 per cent subsidiaries;

(b) if so, the name of these companies and range of production; and

(c) what steps are being taken to prevent the fraudulent transfer pricing?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) Details of companies investing in India are published in the 'SIA Newsletter' brought out monthly by Department of Industrial Policy and Promotion (DIPP). It is widely circulated. Copies are also available in Parliament Library, and on internet at http://siadipp.nic.in/publication/pub_mn.stp.

(c) The Government of India has enacted Transfer Pricing Legislation by Finance Act, 2001, *w.e.f.* assessment year 2002-03. In terms of the relevant provisions of the Act, income from an international transaction is to be computed having regard to Arm's Length Price. Arm's Length Price is the price which is applied or proposed to be applied in a transaction between persons other than associated enterprise, in uncontrolled conditions. If it is found that any assessee has adopted a price that is not at Arm's Length, suitable adjustments are made in the Transfer Price by Transfer Pricing Officer under Chapter X of the Income Tax Act, 1961. The assessing officer determines the tax liability of the assessee taking into account the adjustment so made by the Transfer Pricing Officer and collects the tax demand in accordance with the provisions of the Act.